

Date Mailed
July 29, 1998

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Frontier Communications of Wisconsin, Inc.,
for Authority to Implement a Regulatory Method Alternative
to Traditional Rate-of-Return Regulation

6050-TI-101

**NOTICE OF INVESTIGATION, ASSESSMENT
OF COSTS, AND TELEPHONIC HEARINGS**

Hearing Date (conducted by telephone):

August 13, 1998 – 1:30 and 7:00 p.m.

Fox Valley Technical College
Clintonville Regional Center
Seminar Room 128
525 S. Main Street
Clintonville, Wisconsin 54929

Amnicon Falls Hearing Room
Public Service Commission Building
610 North Whitney Way
Madison, WI 53705

(Copies of testimony and exhibits are due on the day of the hearing.)

In 1993 Wisconsin Act 496 (Act 496), the legislature enacted a new regulatory model to manage the transition to a competitive telecommunications marketplace. Act 496 allows telecommunications utilities to file a regulatory method alternative to traditional rate-of-return regulation as specified in § 196.195(12), Stats. Section 196.195(12)(b)3., Stats., provides that "the commission shall regulate telecommunications utilities with the goal of developing alternative forms of regulation." In addition, the Telecommunications Act of 1996 (Federal Act) was signed into law on February 8, 1996. The Federal Act promotes competitive communications markets. It has provisions governing interconnection including pricing standards for interconnection and network elements, procedures for negotiation of interconnection agreements, removal of barriers to entry, possible rural exemptions, and universal service.

On March 26, 1998, Frontier Communications of Wisconsin, Inc., (Petitioner) filed an alternative regulation plan under § 196.195(12), Stats. On July 14, 1998, after discussions with Commission staff, Petitioner filed an amended alternative regulatory plan (plan). The plan, as amended, would cover a 4-year period, and include a provision that Petitioner be allowed to adjust rates according to a proposed schedule. The plan proposes increases in rates for most elements of local service, decreases in rates for most elements of intrastate access services, and one-time increases for other services. The plan also includes waiver of certain statutory sections

and proposed implementation procedures to promote competition in Petitioner's service territory. Details of these and other proposals are contained in the applicant's filing. Copies of the applicant's filings may be obtained by written request to Jack Phillips, Frontier Communications of Wisconsin, Inc., 14450 Burnhaven Drive, Burnsville, Minnesota 55306-4918.

The Commission is initiating this investigation to determine whether it is in the public interest to approve the proposed alternative regulatory method. In making this determination the Commission shall identify all of the following:

- a. The goals to be achieved, which may include promoting competition, infrastructure deployment, economic development, consumer choice, productivity, efficiency, quality of life, societal goals, or universal service.
- b. The authorized incentive and how the incentive is expected to help achieve the identified goals.
- c. The measurement to be used to evaluate successful attainment of the identified goals.
- d. The extent to which Petitioner has contributed to the Wisconsin Advanced Telecommunications Foundation, established under § 14.28, Stats.

The utility is responsible for notice to its customers of the filing of its alternative regulation plan with the Commission, and, pursuant to § PSC 2.73, Wis. Admin. Code, for producing proof of such notice at the hearing.

This is a Type III action under § PSC 4.10(3), Wis. Admin. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under § 1.11, Stats., nor an environmental assessment is required.

NOTICE IS HEREBY GIVEN that the Commission deems it necessary in order to carry out its duties herein to investigate the books, accounts, practices and activities of Petitioner. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such investigation will be assessed against and collected from Petitioner in accordance with the provisions of § 196.85, Stats., and ch. PSC 5, Wis. Admin. Code.

NOTICE IS FURTHER GIVEN that the Commission has determined to investigate the above-identified matters pursuant to its jurisdiction in §§ 196.02, 196.03, 196.195(12), 196.215, 196.28, 196.37, Stats., and other provisions of chs. 196 and 227, Stats., as may be pertinent hereto.

NOTICE IS FURTHER GIVEN that the Commission will hold hearings on **August 13, 1998, at 1:30 and 7:00 p.m.** This will be a telephonic hearing involving two sites. The petitioner will provide a room for customer participation in the **Fox Valley Technical College,**

Clintonville Regional Center, Seminar Room 128, 525 S. Main Street, Clintonville, Wisconsin. A Commission staff member will be present at the site. Customers may call the utility at (715) 823-7710 for further details on the location of the hearing room. This building is accessible to people in wheelchairs. Commission staff will participate from the Amnicon Falls Hearing Room in the Public Service Commission Office Building, 610 North Whitney Way, Madison, Wisconsin. This building is accessible to people in wheelchairs through the Whitney Way first floor entrance (lobby). Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs accommodations should contact Dick Teslaw, General Services Assistant, at (608) 267-9766. Copies of testimony and exhibits shall be filed on the day of the hearing. After the hearings, the Commission staff intends to circulate a proposed order in this docket for comment prior to submission to the Commission.

FURTHER NOTICE IS HEREBY GIVEN that this proceeding is not a contested case within the meaning of § 227.01(3), Stats. Nevertheless, in conducting the hearing, the Commission will follow §§ 227.44(3) to (9), 227.45(1) to (6m), 227.46(1), (3)(b), (4), (6), (7), 227.47(1), 227.48, and 227.49, Stats., and §§ PSC 2.01 to 2.05, 2.30(1) and (4), 2.31 to 2.391, and 2.60 to 2.66, Wis. Admin. Code.

Anyone having questions regarding the hearing scheduled in this notice may call Donna Paske, Hearing Examiner, Examining Division, at (608) 266-7173.

Other questions regarding this matter may be directed to Thomas Ferris, Audit Manager, Telecommunications Division, at (608) 266-1124.

Dated at Madison, Wisconsin _____

For the Commission.

Scot Cullen, P.E.
Administrator
Telecommunications Division

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